



THE SECRETARY OF DEFENSE
WASHINGTON, DC 20301-1000

1 April 1998

Honorable Albert Gore, Jr.
President of the Senate
Washington, DC 20510

Dear Mr. President:

Section 912(c) of the National Defense Authorization Act for Fiscal Year 1998 directs the Secretary of Defense to submit to Congress an implementation plan to streamline the acquisition organizations, workforce, and infrastructure. The implementation plan takes into account the review of acquisition organizations and functions done by the Department of Defense in accordance with section 912(d) and an assessment of acquisition organizations by the Task Force on Defense Reform in accordance with section 912(e). As you know, the Task Force on Defense Reform was disestablished when it delivered its report in November 1997. Consequently, the Under Secretary of Defense (Acquisition & Technology), as discussed with your staff, established a Defense Science Board Sub-Task Force on the Acquisition Workforce to conduct an independent assessment similar to that which would have been conducted by the Task Force on Defense Reform. I am forwarding that assessment to you by a separate letter. I have reviewed the Defense Science Board (DSB) report, have fully considered the DSB's conclusions and recommendations, and have incorporated the concepts in the recommendations, as appropriate, into my own report.

Over the last few years, we have witnessed an extraordinary partnership committed to real, long-term reform of our acquisition processes and structures. This partnership has comprised the Congress, prominently including you and the members of your Committee; private industry, especially our current suppliers, as well as those who would not (and in many cases, still do not) do business with the U.S. Government; the Administration, including the very top leadership; and our acquisition workforce that has been so eager for real change. As a result, significant progress has been made, and we are now in the process of facing and meeting the challenges of implementing those reforms.

Despite that remarkable progress, the reality is that we have only begun. As I have stated previously, to carry out our defense strategy into the 21st century with military forces capable of meeting the challenges of this new era, we must achieve additional fundamental reform in how the Department of Defense conducts business by implementing a real revolution in business affairs.

The Defense acquisition workforce has produced the finest weapon systems in the world. However, the Department and its workforce continue to labor under an organization, infrastructure,


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and legal and regulatory morass that was developed over the course of the Cold War, which is incapable of responding to the rapid changes and unpredictability we face today. We continue to spend too much on infrastructure at the expense of equipping our forces. We have lengthy development, production, and support cycles that cannot keep pace with technological change or provide the kind of timely responses that our contemporary forces need. Finally, we have unreliable, aging equipment that causes us to invest in large inventories of spare and repair parts, resulting in enormous maintenance costs. Further, DoD still has much to learn from the dynamic changes in business practices and support systems that characterize the best of American business, which itself has undergone massive reform in recent years. All of this must change.


My vision of the acquisition workforce 10 years from now is one that is smaller and in fewer organizations; is focused on managing suppliers, rather than supplies; and is focused on the total cost of ownership to provide and support high-quality goods and services required by our warfighting men and women. It will be a workforce that is engaged primarily in working with the Services to determine affordability of requirements; helping to establish and execute budgets; working to reduce cycle times; establishing contractual vehicles that are easily accessed by our customers within DoD; overseeing contracts to make sure the work gets done on time, within tough performance parameters, and, of course, within budget; and, all the while, ensuring the public's trust and confidence.

The Department has already reengineered a number of processes in a manner that allows us to provide the required best-value goods and services to the warfighter, while reducing the workforce by over 42 percent from its peak in 1989. Further reductions are planned for this year and beyond. In addition, I am proposing a number of significant new initiatives that will accelerate the attainment of my vision. Those new initiatives are identified in the enclosure, in five categories: 1) restructure research, development, and test; 2) restructure sustainment; 3) increased acquisition workforce education and training; 4) integrated, paper-less operations; and 5) future focus areas (i.e., a price-based approach to acquisition and more fully integrating our test and evaluation activities into our acquisition process).

While I recognize the need to evaluate the benefits of an enhanced Joint Requirements Oversight Council and the adequacy of the Planning, Programming, and Budgeting System, I intend to take action through the Defense Management Council to evaluate both these areas.



DoD still has much to learn from the dynamic changes in business practices and support systems that characterize the best of American business



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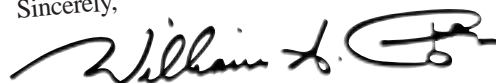
The actions that I am recommending are necessary to enhance the ability of DoD to make acquisition of the best available technology affordable and to keep our armed forces in a position of dominance. I must emphasize that merely cutting people, without some restructuring and other measures, will only result in hollowing out the "guts" of DoD's research, development, test, and support capabilities, retaining only the most senior people regardless of skills and technological knowledge, and preventing DoD from bringing in fresh scientific, engineering, and logistics management talent. That can only lead to diminished technological capability for our operational forces.

I have not included a request for enactment of any statutory changes as part of my report. However, the outcome of the studies that I have proposed may lead to recommendations for legislative changes in the future. In the long run, the benefits of taking the actions indicated in this report may not be as great without legislation, particularly legislation authorizing the two rounds of Base Realignment and Closure (BRAC) that I have proposed. Most of the proposed initiatives can be pursued without BRAC, and I intend to do so, consistent with the limitations of existing authorities. However, the reductions, in the long run, in both manpower and dollars will be smaller and more difficult to achieve, without new BRAC authority.

I ask you to join with me and the Department of Defense workforce to create an acquisition infrastructure that will allow DoD to buy products and services faster, better, and cheaper so that our customer, the warfighter, has what is needed to do the job assigned.

A copy of this report has been sent to the Speaker of the House of Representatives, Chairman of the Senate Armed Services Committee, Chairman of the House National Security Committee, Chairman of the Senate Appropriations Committee, Chairman of the House Appropriations Committee, Chairman of the Senate Appropriations Committee Subcommittee on Defense, and Chairman of the House Appropriations Committee Subcommittee on National Security.

Sincerely,



Enclosure: As Stated

Editor's Note: "Section 912 Report" — SecDef Cohen submitted his implementation plan to streamline the acquisition organizations, workforce, and infrastructure to the Senate and the House on April 1, 1998, in accordance with Section 912(c) of the National Defense Authorization Act for Fiscal Year 1998. For those interested in viewing the entire report, visit <http://www.acq.osd.mil/ar/> on the Acquisition Reform Home Page.

